



Fiscal Year 2016/2017 Budget

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Agenda

- FY 16/17 Review
- FY 17/18 thoughts
- Next steps



Goals – from FY 16/17

We have a choice

- Structural Balance
- Consideration of Employees
- Engagement of M&C
- Challenge the way we do business
- Think long-term
- Maintain Pride of Public Appearance
- Compliance with City Charter and applicable laws
- Use of technology



FY 16/17 in Review

Operationally Structurally Balanced Budget

Reduced expenditures

Increased revenues

Restructured how we provide some services

Various Departments

Continued to scale back expenses (fund balance)



FY 16/17 in Review (cont'd)

FY 16/17 Cash Carry Forward	\$ 15.8M
FY 17/18 one-time expenses	
Employee Distributions	\$ 2.6M
Elections	\$ 0.8M
Acella (permits software)	\$ 1.7M
ERP (accounting software)	\$ 1.8M
Fire/Police Vehicles	<u>\$ 3.2M</u>
Total one-time expenses (17/18)	\$ 10.1M



FY 17/18

We will be structurally balanced

Assumptions moving forward

Slow Growth in Revenues

State Shared

City Sales Tax

PSPRS Increase

\$19.8M

Hall Case - ?

Health Insurance

\$ 3.4M

Self Insurance – opportunity

One-time expenses

\$ 10.1M

Eliminated Internal Service Funds (ISF)

Facilities and Veh Repair & Replacement Fund



FY 17/18 (cont'd)

Fuel – uncertain future

Some thoughts to consider:

- Turnover factor (est. 1.5% after restructure) \$ 2.7M
- Restructuring of operations
 - Business Service Consolidation (\$3-5M) \$ 2.5M
 - Use Community Service Officers for CE \$ 0.4M
- Effluent Rate for Parks (reclaimed water rate) \$ 0.9M
- Jail Boarding \$ 1.0M
- Court consolidation \$ 1.0M
- PSPRS Retirement \$ 0.5M



FY 17/18 (cont'd)

Operational Structurally Balanced Budget

- One-time expenses (from FY 16/17 CCF) \$10.1M
- Turnover Factor (after restructure) \$ 2.7M
- Reductions in expenses \$ 8.9M



FY 17/18 (cont'd)

Use of FY 16/17 CCF (\$ 15.8M)

FY 17/18 one-time expenses	\$10.1M
PSPRS one-time payment	\$ 2.0M
Fuel Contingency Acct	\$ 1.1M
Contingency	\$ 2.6M



Review of 5 year forecast



Review of 5 year Cash Flow

	Forecast FY 17/18	Forecast FY 18/19	Forecast FY 19/20	Forecast FY 20/21	Forecast FY 21/22
Subtotal Change	(21,742,680)	(29,335,408)	(33,490,923)	(33,490,923)	(33,862,216)
Turnover Credit	2,751,630	1,500,000	1,000,000	900,000	800,000
One-Time Items	10,106,560	2,600,000	2,600,000	2,600,000	2,600,000
Expenditure Reductions	8,900,000	8,900,000	8,900,000	8,900,000	8,900,000
Total Change per year	-	(16,335,408)	(20,990,923)	(21,090,923)	(21,562,216)
Cumulative Over Time	-	(16,335,408)	(37,326,331)	(58,417,254)	(79,979,470)



Previous cash flow projection (12/4/15)

	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>
Total change per year	\$ -	\$ (29,564,000)	\$ (7,258,000)	\$ (11,399,000)	\$ (2,423,000)
Cumulative per year	\$ (12,700,000)	\$ (42,264,000)	\$ (49,522,000)	\$ (60,921,000)	\$ (63,344,000)



Opportunities going forward

Partnerships

Courts

Parks

Transit

IT

Public Safety

Self Insurance – Health

Employee Engagement

Development of Flexible and Adaptable
Organization



Challenges Going Forward

Capital needs

- Parks
- IT
- Facilities
- Vehicles

Uncertainty with State and Federal Government

Economy

Economic Development



More Challenges

Ongoing process improvement

Staff retention and recruitment



Next steps

Keep working through detail w/ELT and M&C

M&C Study Session April 5?

Manager's Budget presented April 19



Questions and Discussion

Forecast of Amounts:

	FY 16/17 Adopted Budget	FY 16/17 Projected	Forecast FY 17/18	Forecast FY 18/19	Forecast FY 19/20	Forecast FY 20/21	Forecast FY 21/22
<u>Revenues:</u>							
Property Tax	\$ 14,494,430	\$ 14,096,000	\$ 15,054,500	\$ 15,677,000	\$ 16,304,000	\$ 16,956,000	\$ 17,635,000
Utility Tax	26,574,100	25,803,600	24,920,170	25,062,220	25,205,080	25,348,750	25,493,240
City Sales Tax	192,371,300	196,134,430	199,256,390	202,843,010	206,494,190	210,211,090	213,994,890
Occupancy Tax/Bed Surcharge	17,928,020	17,975,280	18,731,640	19,060,000	19,631,000	20,220,000	20,826,000
State Shared Sales Tax	50,099,800	49,506,790	49,506,790	50,793,970	52,114,620	53,469,600	54,859,810
State Shared Income Tax	65,118,880	65,043,020	65,289,020	65,289,020	65,770,190	66,427,900	67,092,180
Auto Lieu (VLT)	22,790,790	22,452,700	22,930,950	23,864,890	24,914,950	26,011,210	27,155,700
Sale of Property	7,898,000	109,000	2,500,000	109,120	109,120	109,120	109,120
Admin Fee (CAP)	13,554,070	13,261,580	13,261,580	13,261,580	13,261,580	13,261,580	13,261,580
Franchise and Licenses	22,597,730	23,387,190	23,671,060	23,642,990	23,879,420	24,118,220	24,359,400
Fines Forfeits & Penalties	9,138,990	8,025,320	8,913,920	9,514,010	9,514,010	9,514,010	9,514,010
Charges for Services	30,098,160	31,603,340	31,218,990	31,218,990	31,218,990	31,218,990	31,218,990
General Services Charges for Services			20,180,810	20,180,810	20,180,810	20,180,810	20,180,810
General Service All Other			2,236,510	2,236,510	2,236,510	2,236,510	2,236,510
All Other Revenue Combined	11,471,380	13,216,860	13,141,210	12,619,620	12,749,310	13,929,520	14,062,410
Subtotal Revenues	\$ 484,135,650	\$ 480,615,110	\$ 510,813,540	\$ 515,373,740	\$ 523,583,780	\$ 533,213,310	\$ 541,999,650
<u>Expenditures:</u>							
Personnel costs	183,350,050	180,561,230	188,682,400	188,682,400	188,682,400	188,682,400	188,682,400
General Services Personnel			14,798,410	14,798,410	14,798,410	14,798,410	14,798,410
Replacement of 20 TPD Officers			1,890,720	3,781,440	5,672,160	7,562,880	9,453,600
Expiration of SAFER grant			3,355,640	4,290,000	4,490,000	4,521,000	4,571,000
PSPRS	59,592,460	59,810,980	77,325,410	80,614,410	81,614,410	82,474,410	83,343,410
TSRS	16,960,700	15,316,000	17,452,870	17,452,870	17,452,870	17,452,870	17,452,870
Health Insurance (Actives)	29,414,600	27,949,150	30,985,670	33,334,560	35,988,950	39,067,840	42,193,800
Health Insurance (Retirees)	8,839,770	9,108,660	9,462,060	10,219,030	11,747,300	12,689,080	13,704,210
Services	82,006,270	80,341,400	79,566,910	83,545,256	87,722,518	92,108,644	96,714,076
General Services Services			(5,054,790)	(5,054,790)	(5,054,790)	(5,054,790)	(5,054,790)
Supplies	13,349,520	13,435,040	14,274,000	14,559,480	14,850,670	15,147,683	15,450,637
General Services Supplies			11,301,610	11,527,642	11,758,195	11,993,359	12,233,226
Debt	24,436,360	22,243,740	24,759,450	25,028,000	23,770,000	21,823,000	21,549,000
General Service CREBs			1,736,390	1,707,660	1,678,220	1,652,770	1,616,350
Election		500,000	1,100,000	300,000	1,200,000	300,000	1,000,000
Vehicle Replacement	2,000,000	1,000,000	3,229,200				
Capital Needs	1,544,840	523,520	3,318,980	3,500,000	3,500,000	3,500,000	3,500,000
One-Time Exp (11-22-16)	2,706,000	1,345,060					
Accela Project	1,000,000	963,000	1,677,650	1,678,000	827,000	666,000	666,000
Employee Retention:							
One-time Distribution	2,000,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
Employee Incentives			500,000	500,000	500,000	500,000	500,000
Subtotal Expenditures	427,200,570	415,697,780	482,962,580	493,064,368	503,798,313	512,485,556	524,974,199
Transfers In	1,918,300	2,227,300	2,138,860	2,138,860	2,138,860	2,138,860	2,138,860
Transfers Out	(53,394,380)	(51,317,750)	(51,732,500)	(53,783,640)	(55,415,250)	(56,728,830)	(58,868,930)
Total change per year	5,459,000	15,826,880	\$ (21,742,680)	\$ (29,335,408)	\$ (33,490,923)	\$ (33,862,216)	\$ (39,704,619)
Cumulative over time	\$ 5,459,000	\$ 15,826,880	\$ (5,915,800)	\$ (35,251,208)	\$ (68,742,131)	\$ (102,604,347)	\$ (142,308,966)

Mayor and Council/ELT Retreat
ONE CITY ONE TEAM!

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Grand Total		\$ 12,615,890	\$ 965,000	\$ -	\$ -	\$ -	\$ -
Department	Action	Proposed FY 17/18 Expenditure Reductions	GF Revenues (Loss)	FY 17/18 Net revenues/reductions	On the Table	Further Discussion	Off the Table
Items that could be Deferred							
Health Insurance	Rate increase	\$ (3,400,000)					
Items that will be included in FY 17/18:							
Revenues: Increases to Revenues Included in Submission of FY 17/18 Budget Request							
Fire - ALS	Increased cost recovery efforts		\$ 505,000				
Reductions: Reductions Included in Submission of FY 17/18 Budget Request							
EGS	13 Vacant Position Reductions	\$ 827,000					
Finance/Budget	Senior Account Clerk reduction	\$ 56,000					
Finance/Budget	2 Senior Cashier position reductions	\$ 107,000					
Fire	10 vacancy SAFER Grant reductions	\$ 781,000					
Fire	Overtime	\$ 500,000					
Information Technology/ Finance	IT Project Management position reduction	\$ 105,000					
Parks and Recreation	2 Spray techs positions transfer to Water - net savings	\$ 40,000					
Transit	Defer capital match	\$ 900,000					
Transit	Operating efficiencies	\$ 400,000					
Subtotal		\$ 3,716,000	\$ 505,000	-	-	-	-

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Department	Action	Proposed FY 17/18 Expenditure Reductions	GF Revenues (Loss)	FY 17/18 Net revenues/reductions	On the Table	Further Discussion	Off the Table
NEW Items for Discussion:							
Reductions: Additional Reductions After Submission of FY 17/18 Budget Request							
City Attorney	Position pay reduction through retirement	\$ 60,000					
Court	1 Management Assistant position reduction	\$ 97,410					
Court	AOC taking IT support	\$ -					
Court	Jailboard	\$ 1,000,000					
Court	Vacant position reductions	\$ 202,000					
Court	City/county court consolidation	\$ 1,000,000					
EGS	Code Evforcement performed by CSO 4 FTEs	\$ 415,000					
City Wide	Business Service Consolidation	\$ 2,500,000					
Fire	Medic truck staffing - Cost Neutral	\$ -					
Fire/Police	Combining 911-Communication Center (415k)	\$ -					
Housing	Local Match	\$ -					
Information Technology	Manage Print Service Program	\$ 150,000					
Information Technology	1 Management position reduction	\$ 125,000					
Parks and Recreation	Operating Efficiencies thourgh other funding sources	\$ 50,000					
Parks and Recreation	Reclaimed Water rate credit (EGS Calc)	\$ 894,000					
Parks and Recreation	IGA Review	\$ 100,000					
Planning and Development Services	Operating efficiencies thourgh Partnerships	\$ 46,590					
Police	IT services transfer cost savings	\$ 54,770					
Police	County Partnership (Pima County Sheriff's Dept, City HR, City IT, and Tucson Fire) savings	\$ 581,860					
Police	PSPRS Incentive	\$ 523,260					
TDOT	Graffiti Program net for inspector	\$ 300,000					
Water	13 vacant non-specialized skills positions	\$ 800,000					

Mayor and Council/ELT Retreat
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Department	Action	Proposed FY 17/18 Expenditure Reductions	GF Revenues (Loss)	FY 17/18 Net revenues/reductions	On the Table	Further Discussion	Off the Table
Subtotal		\$ 8,899,890	-	-	-	-	-
Revenues: Additional Revenues After Submission of FY 17/18 Budget Request							
Planning and Development Services	Application reviews		\$ 200,000				
Parks and Recreation	Pool free admission		\$ (40,000)				
Procurement	Cooperative Agreement increase		\$ 300,000				
TOTAL		-	\$ 460,000	-	-	-	-